

AMENDED IN SENATE JULY 1, 2014
AMENDED IN ASSEMBLY MARCH 19, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2128

Introduced by Assembly Member Gordon

February 20, 2014

An act to amend Sections 926.2, 926.3, and 12939.2 of the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2128, as amended, Gordon. Insurer investments: community development.

Existing law requires each admitted insurer to provide information by January 1, 2014, to the Insurance Commissioner on all of its community development investments and community development infrastructure investments in California. Community development investments are investments where all or a portion of the investment has as its primary purpose community development for, or that directly benefits, California low- or moderate-income individuals, families, or communities, and includes, but is not limited to, investments in California in or through the California Organized Investment Network (COIN), certified community development financial institutions (CDFIs), and investments made pursuant to the requirements of federal, state, or local community development investment programs or community development investment tax incentive programs, including green investments, if these investments directly benefit low- or moderate-income individuals, families, and communities and are consistent with applicable provisions. The commissioner and the

Department of Insurance are required to provide certain information on community development investments and community development infrastructure investments to the public *on the department's Internet Web site*, as specified, by May 31, 2014, and ~~biennially~~ *biennially* with regard to green investments. These provisions are to remain in effect only until January 1, 2015, and are repealed as of that date.

~~This bill would extend the repeal date to January 1, 2020.~~

This bill would revise and recast these provisions by instead requiring each admitted insurer with annual premiums written in California equal to or in excess of \$100,000,000 for any reporting year to provide information to the commissioner on all of its community development investments, community development infrastructure investments, and green investments in California. The bill would require the information be reported by January 1, 2017, as provided. The bill would revise the information that the commissioner and the department are required to provide on the department's Internet Web site by including information on the actions taken by COIN to analyze the data by insurers for the purpose of creating and identifying potential investment opportunities, as specified. The bill would extend the department's Internet Web site publication date from May 31, 2014, to November 1, 2017, inclusive, would delete the biennial publication requirement for green investments and instead require a publication deadline of November 1, 2017. The bill would also extend the repeal date to January 1, 2020.

Existing law requires each insurer admitted in California that writes premium in California equal to or in excess of \$100,000,000 annually to develop, and file with the commissioner no later than July 1, 2011, a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for those investments during the filing year and following calendar year. Thereafter, each insurer that these provisions apply to is required to biennially review its policy statement, and, if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year.

This bill would delete the provisions requiring a biennial review by each insurer of its policy statement and the submission of a new policy statement if there is a revision or change.

Existing law requires the department, COIN, or any successor thereof, to require the CDFIs receiving specified tax credit investments to submit reports to the department, COIN, or any successor thereof, on their use of the program. Existing law authorizes the commissioner to establish

and appoint a California Organized Investment Network Advisory Board. The term of each board member is 2 years and is staggered as provided. The board has certain powers and duties, including, but not limited to, advising COIN, or any successor thereof, on the best methods to increase the level of insurance industry capital in safe and sound investments while providing fair returns to investors and social benefits to underserved communities, meeting quarterly or as deemed necessary by the commissioner, and recommending programmatic guidelines, but not specific allocations of the tax credit amount, to the COIN program. The provisions regarding the board are in effect only until December 1, 2015, and are repealed as of that date.

This bill would authorize the commissioner, in his or her discretion, to extend or reduce a board member's 2-year term, and would delete the staggered terms requirement. The bill would delete the quarterly meeting requirement, and would instead require a minimum of 3 or more meetings per year. The bill would also extend the repeal date to January 1, 2020.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 926.2 of the Insurance Code is amended
2 to read:
3 926.2. (a) (1) ~~Each insurer admitted in California shall provide~~
4 ~~information, by January 1, 2014, to the commissioner on all of its~~
5 ~~community development investments and community development~~
6 ~~infrastructure investments in California. admitted insurer with~~
7 ~~annual premiums written in California equal to or in excess of one~~
8 ~~hundred million dollars (\$100,000,000) for any reporting year~~
9 ~~shall provide information to the commissioner on all of its~~
10 ~~community development investments, community development~~
11 ~~infrastructure investments, and green investments in California.~~
12 ~~This information shall be reported by January 1, 2017, on~~
13 ~~investments made during the calendar years 2013, 2014, and 2015~~
14 ~~and list, if applicable, investments that are high impact, green, or~~
15 ~~rural. This information shall be provided as part of the required~~
16 ~~filing pursuant to Section 900 or Section 11131, or through a data~~
17 ~~call, or by other means as determined by the commissioner. COIN~~
18 *The California Organized Investment Network (COIN) shall*

1 provide insurers with information on why investments, if any, were
2 found not to be qualified by the commissioner.

3 (2) Nothing in this subdivision shall preclude an insurer that is
4 a member of an insurance holding company system, as defined in
5 Article 4.7 (commencing with Section 1215) of Chapter 2, from
6 complying with paragraph (1) through a single filing on behalf of
7 the entire group of affiliated companies, provided that the data so
8 filed accurately reflects the investments made by each of the
9 affiliates, and accurately attributes, by National Association of
10 Insurance Commissioners (NAIC) number or other identifier
11 required by the commissioner, which of the investments were made
12 by each affiliated company.

13 (3) This subdivision shall not preclude an insurer from satisfying
14 the requirements of paragraph (1) through a filing made by a
15 community development financial institution, provided all of the
16 following conditions are met:

17 (A) The insurer has no less than a 10 percent ownership interest
18 in a COIN-certified community development financial institution.

19 (B) The insurer makes community development investments
20 and community development infrastructure investments in and
21 through the community development financial institution.

22 (C) The community development financial institution accurately
23 files the information required by paragraph (1) with the
24 commissioner on behalf of the insurer and accurately attributes,
25 by NAIC number or other identifier required by the commissioner,
26 which investments, including the dollar amounts of the investments,
27 were made by each insurer on whose behalf the community
28 development financial institution is reporting.

29 (b) The commissioner shall, by ~~May 31, 2014,~~
30 ~~provide information~~ *November 1, 2017, provide all of the following:*

31 (1) *Information* on the department's Internet Web site on the
32 aggregate insurer community development investments and
33 community development infrastructure investments. Insurers that
34 make investments that are innovative, responsive to community
35 needs, not routinely provided by insurers, qualify as green
36 investments, or have a high degree of positive impact on the
37 economic welfare of low- or moderate-income individuals,
38 families, or communities in urban or rural California shall be
39 identified.

1 (2) *Information on the department's Internet Web site on the*
2 *actions taken by COIN to analyze the data by insurers for the*
3 *purpose of creating and identifying potential investment*
4 *opportunities, including the development of investment opportunity*
5 *bulletins. This information shall state the efforts made by COIN*
6 *to market and expand outreach to communities.*

7 (c) The department shall also, by ~~May 31, 2014~~, *November 1,*
8 *2017*, provide information on the department's Internet Web site
9 regarding the aggregate amount of California public debt (including
10 all debt issued by the State of California or a California state or
11 local government agency) purchased by insurers as reported to the
12 department in their NAIC annual statement filing pursuant to
13 Section 900 or Section 11131.

14 (d) The department shall also, by ~~May 31, 2014~~, *November 1,*
15 *2017*, provide on its Internet Web site the aggregate amount of
16 identified California investments, as reported to the NAIC in the
17 annual statement filed pursuant to Section 900 or Section 11131.

18 (e) The department shall also ~~biennially~~ *by November 1, 2017,*
19 *provide information on its Internet Web site regarding the*
20 *aggregate amount of identified California insurer investments in*
21 *green investments.*

22 (f) This article shall remain in effect only until January 1, 2020,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before January 1, 2020, deletes or extends that date.

25 *SEC. 2. Section 926.3 of the Insurance Code is amended to*
26 *read:*

27 926.3. (a) It is the policy of the State of California that (1)
28 insurers should, where practicable, be supportive of community
29 development investments and community development
30 infrastructure investments, and insurers should be encouraged to
31 invest in prudent community development investments and
32 community development infrastructure investments that benefit
33 California and California's low- and moderate-income
34 communities; (2) every admitted insurer that writes a substantial
35 amount of insurance in the state should consider community
36 development investments and community development
37 infrastructure investments; and (3) the California Organized
38 Investment Network is a part of the department, and has the
39 responsibility to pursue active measures to encourage community
40 development investing by admitted insurers.

(b) Each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner no later than July 1, 2011, a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during the current and following calendar year. ~~Thereafter, each insurer subject to this subdivision shall biennially review its policy statement on community development investments and community development infrastructure investments and, if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year. The initial policy statement filed with the commissioner shall satisfy the requirement of this subdivision if the insurer's policy statement has not changed.~~ These filings shall be public information. For purposes of this subdivision, "policy statement" means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.

(c) The commissioner shall establish a link on the department's Internet Web site that provides public access to the contents of each insurer's policy statement and the data on community development investments and community development infrastructure investments provided by each insurer pursuant to subdivision (b).

~~SEC. 2.~~

SEC. 3. Section 12939.2 of the Insurance Code is amended to read:

12939.2. (a) The commissioner may establish and appoint a California Organized Investment Network Advisory Board.

(b) For purposes of this section, all of the following shall apply:

(1) "Commissioner" means the Insurance Commissioner of this state.

(2) "Board" means the California Organized Investment Network Advisory Board.

(3) "Licensed attorney" means an attorney who resides in this state who has successfully passed the California bar examination and has been admitted to practice in this state or has otherwise

1 been licensed to practice law in this state by the State Bar of
2 California.

3 (c) The board shall include the commissioner, or his or her
4 designee, three executives in the insurance investment industry,
5 and one volunteer from each of the following categories:

6 (1) A licensed attorney practicing insurance law.

7 (2) A member of the public, appointed by the Speaker of the
8 Assembly.

9 (3) A member of the public, appointed by the Senate Committee
10 on Rules.

11 (4) A member of a consumer advocacy group.

12 (5) An affordable housing practitioner.

13 (6) A local economic development practitioner.

14 (7) A member of a financial institution or a community
15 development financial institution.

16 (8) A representative with experience seeking investments for
17 low- to moderate-income or rural communities.

18 (d) The board shall elect, from among its members, a chair.

19 (e) The term of each member shall be for two years and may
20 be extended or reduced at the discretion of the commissioner.

21 (f) The board shall have all of the following powers and duties:

22 (1) To advise the California Organized Investment Network, or
23 any successor thereof, on the best methods to increase the level of
24 insurance industry capital in safe and sound investments while
25 providing fair returns to investors and social benefits to
26 underserved communities.

27 (2) To meet a minimum of three or more times per year, or as
28 deemed necessary by the commissioner.

29 (3) To facilitate contacts among executives at insurance
30 companies, community-based organizations, and community
31 development financial institutions.

32 (4) To recommend programmatic guidelines, but not specific
33 allocations of the tax credit amount, to the California Organized
34 Investment Network program.

35 (g) The members of the board shall not receive compensation
36 from the state for their services under this section but, when called
37 to attend a meeting of the board, may be reimbursed for their actual
38 and necessary expenses incurred in connection with the meeting.

- 1 (h) This section shall remain in effect only until January 1, 2020,
- 2 and as of that date is repealed, unless a later enacted statute, that
- 3 is enacted before January 1, 2020, deletes or extends that date.

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